

**STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION**

IN RE: THE NARRAGANSETT ELECTRIC CO. :
d/b/a RHODE ISLAND ENERGY : **DOCKET NO. 22-45-EL**
LONG-TERM CONTRACTING FOR :
RENEWABLE ENERGY RECOVERY FACTOR :

ORDER

On May 15, 2023, The Narragansett Electric Company d/b/a Rhode Island Energy (“RI Energy” or “Company”) filed with the Public Utilities Commission (PUC) its Long-Term Contracting for Renewable Energy Recovery (“LTCRER”) Factor for the period July 2023 through December 2023.¹ Pursuant to the provisions of Chapters 39-26.1 and 39-26.2, RI Energy is permitted to recover the above-market costs and required to credit the below-market costs of certain long-term renewable energy contracts and distributed generation contracts, net of, or including proceeds from the ratepayers’ share of revenue from the sale of forward capacity revenue from the applicable distributed generation contracts, plus related administrative costs. In its filing, RIE estimated that the six-month contract cost for thirty-eight renewable energy contracts, which included distributed generation contracts and non-distributed generation contracts, would be \$49,007,554.²

The market value for the energy, Renewable Energy Certificates (RECs), and capacity procured under the contracts is projected to be \$32,664,674 for the same period.³ The difference between the estimated contract costs minus the market value of the energy, RECs, and capacity is expected to result in an above-market cost of \$16,342,880.⁴ The estimated customer share of the

¹ National Grid’s Long-Term Contracting for Renewable Energy Recovery Factor Filing (May 15, 2023) (Filing);

² Filing at Attach. 1, at 2.

³ Seven of the projects under contract are expected to cost less than the projected market value of the energy for the period. Filing at Attach. 1, at 4.

⁴ *Id.* at Attach. 1, at 4.

forward capacity market revenue is expected to be \$40,499 and the estimated related administrative costs are expected to be \$15,509. Netting this revenue and related administrative cost against the total above-market cost of \$16,342,880 leaves a total of \$16,317,890 for recovery from ratepayers. The rate billed to customers is calculated by dividing this net value by RI Energy's forecasted kilowatt hour (kWh) deliveries for the upcoming six-month period and adjusting for uncollectibles and the current reconciliation factor. RI Energy proposed a factor of \$0.00660 per kWh.⁵ When compared to the current factor in effect of \$0.00086, this results in a net rate increase of \$0.00574 per kWh.

On June 9, 2023, the Division of Public Utilities and Carriers (Division) filed with the PUC a memorandum summarizing the filing and recommending approval of the proposed factor for effect on July 1, 2023. Division Assistant to Chief Accountant Joel Munoz indicated that the Company's calculations were correct and that the filing was in accordance with the PUC's order in Docket No. 4676, which approved the Long Term Contracting for Renewable Energy Resources Provision.⁶

At an Open Meeting on June 22, 2023, the Commission reviewed the filing, responses to discovery issued by the Division and Commission, the Division's recommendation, and approved the factor as filed.

The Commission discussed the semi-annual nature of the factor, noting that it is currently set for effect January 1 and July 1, with a reconciliation in the annual retail rate filing. When this factor was originally set, it covered Power Purchase Agreements (PPAs) under special enabling legislation, Long-Term Contracting Standard PPAs, and Distributed Generation (DG) Standard Contracts. DG Standard Contracts were being added three times per year, just like REG projects

⁵ Filing at Attach. 1.

⁶ Mem. of Joel Munoz; https://ripuc.ri.gov/sites/g/files/xkgbur841/files/2023-06/2245-DivisionMemo_6-9-23.pdf.

are now. However, with the implementation of the Renewable Energy Standard, the number of projects has stabilized. The Company also has much more experience forecasting output and the market price. Therefore, the Company may be better able to project an annual rate to provide some stability and eliminate a rate filing. The market price swing between the January factor filing and July factor filing was \$21 million. This results in a volatile factor. The Commission directed Rhode Island Energy to file a tariff proposal that provides for an annual factor for consideration. This directive should not be viewed as an automatic approval of a revised tariff, but rather, is a mechanism to start the Commission's consideration of the change.

Accordingly, it is hereby

(24700) ORDERED:

1. The Narragansett Electric Company d/b/a Rhode Island Energy's Long-Term Contracting for Renewable Energy Recovery Factor of \$0.00660 per kWh for electricity consumed on and after July 1, 2023, is hereby approved.

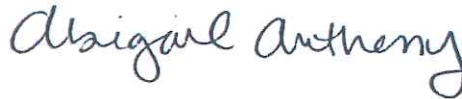
2. The Narragansett Electric Company d/b/a Rhode Island Energy shall file a new tariff for consideration, that would change the Long-Term Contracting for Renewable Energy Recovery Factor from a semi-annual factor to an annual factor.

EFFECTIVE AT WARWICK, RHODE ISLAND ON JULY 1, 2023 PURSUANT TO AN
OPEN MEETING DECISION ON JUNE 22, 2023. WRITTEN ORDER ISSUED JUNE 26, 2023.

PUBLIC UTILITIES COMMISSION



Ronald T. Gerwatowski, Chairman



Abigail Anthony, Commissioner



John C. Revens, Jr., Commissioner



NOTICE OF RIGHT OF APPEAL: Pursuant to R.I. Gen. Laws § 39-5-1, any person aggrieved by a decision or order of the PUC may, within seven days from the date of the order, petition the Rhode Island Supreme Court for a Writ of Certiorari to review the legality and reasonableness of the decision or order.