



## 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:** November 27, 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. 23-45-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 November 17, 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 January 2024 through June 2024 ("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 \$0.00417 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 \$0.00647 per kWh, applicable to all customers, effective for usage on or after January 1, 2024. The effect on a typical 500 kWh monthly residential bill is a decrease of \$0.08 per month, or 0.1%, from \$177.15 to \$177.07.

The Company's estimate of payments to operating Renewable and Distributed Generation units over the six-month period is \$49,274,032. Estimated revenues from sale of REC's, energy, and capacity are \$34,837,619 leaving a net above-market cost of \$14,436,413. The Company also estimates that it will receive \$31,685 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 \$28,516. The total estimated charge to customers, including adding \$19,870 in Company and contractor administrative costs, is \$14,427,768.

The attached Table (JAM-1) on the following page compares the proposed January through June 2024 estimated revenues, sales and calculated LTCRER factors with the current and prior LTCRER factors. Most notably, while the estimated Market Value of energy had increased by 9% from the previous filing, the estimate is still a decrease of 33% 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. Therefore, the Division recommends approval of the proposed total LTCRER recovery factor that is a charge of \$0.00647 kWh, effective on or after January 1, 2024.

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

	(Jul '22)	(Jan '23)	(Jul '23)	(Jan '24)
Estimated Generator Output - MWH	318,729	303,878	321,654	318,814
Estimated Contract Costs	\$48,692,487	\$47,184,318	\$49,007,554	\$49,274,032
Estimated Market Value				
Energy	\$36,268,397	\$40,455,406	\$19,880,931	\$21,692,039
REC's	\$11,992,164	\$11,082,427	\$12,287,164	\$12,558,080
Capacity	\$ 698,729	\$ 663,224	\$ 496,580	\$ 587,500
Subtotal	\$48,959,289	\$52,201,057	\$32,664,674	\$34,837,619
Estimated Admin. Cost	\$ 16,205	\$ 15,766	\$ 15,509	\$ 19,870
Estimated Customer Share – Net FCM	\$ 78,145	\$ 13,501	\$ 40,499	\$ 28,516
Total Estimated Costs	\$ (328,743)	\$ (5,014,474)	\$16,317,890	\$14,427,768
Forecasted KWH Sales	3,846,277,953	3,495,942,909	3,830,677,937	3,498,258,265
Adjustment for Uncollectibles	1.30%	1.30%	1.30%	1.30%
LTCRER Factor	\$(0.00008)	\$(0.00144)	\$0.00430	\$0.00417
Current Reconciliation Factor	\$(0.00123)	\$(0.00123)	\$0.00230	\$0.00230
Total LTC Recovery Factor	\$(0.00123)	\$(0.00267)	\$0.00660	\$0.00647