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Peter F. Neronha
Attorney General

June 12, 2024

Via Electronic Mail

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

RE: Docket No. 24-15-EL
RI Energy LRS – Industrial Rates Jul – Sept 2024

Dear Ms. Massaro:

On behalf of the Division of Public Utilities and Carriers, please accept for filing the attached Memorandum from Alfred Contente, Rate Analyst, which provides the Division's position in the above-entitled docket.

Thank you for your cooperation in this matter.

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: 24-15-EL Service List
Linda George, Esq., Division 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

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Memorandum

TO: Luly Massaro
Clerk, Public Utilities Commission

FROM: Al Contente
Utilities Analyst, Division of Public Utilities and Carriers

DATE: June 12, 2024

SUBJECT: Docket No. 24-15-EL – The Narragansett Electric Company -- Industrial Group Last Resort Service Rates for the Period July 1, 2024 through September 30, 2024.

BACKGROUND

On April 29, 2024, The Narragansett Electric Company d/b/a Rhode Island Energy (“RIE” or “Company”) filed proposed Last Resort Service (“LRS”) rates for the Industrial Group customers for the period July 2024 through September 2024. The Company submitted a Request for Confidential Treatment covering the detailed bid results. The Company submitted the confidential materials to the Division of Public Utilities and Carriers (“Division”) for its review and analysis. The Division reviewed the filing and submits this memo to the Public Utilities Commission (“Commission”) for consideration.

As with past Last Resort Filings, the Company submitted the following information:

- The calculation of the retail LRS rates for the Industrial Group for the applicable service period.
- The Summary of Rates tariff for LRS reflecting the proposed Industrial Group Rates for the period of July 2024 through September 2024.

- Typical bill analysis for the Industrial Group.
- A copy of the Request for Proposals (“RFP”) issued by the Company on March 8, 2024 to solicit LRS supply for the Residential Group for the period October 2024 through September 2025; for the Commercial Group for the period October 2024 through September 2025; and for the Industrial Group for the period July 2024 through September 2024.
- A redacted summary of the procurement process identifying the key actions taken by RIE to procure LRS for its customers.

Unredacted versions of the Procurement Summary and Transaction Confirmations have been supplied under separate cover.

Last Resort Service Procurement Plan Summary

Industrial Group: 100% of the load for **July 2024 through September 2024**

Commercial and Residential Groups: Procurement encompassing **October 2024 through September 2025**

With this most recent solicitation of 20% of the load requirement, a total of 70% has been procured for the Commercial and Residential Groups for October 2024 through March 2025. The Company will also procure another 20% in the third quarter of 2024. That procurement will bring the total to 90% of the load requirement for the same October 2024 through March 2025 time-period. The remaining 10% of procurement will be made in the spot market as per the Company’s approved Last Resort Procurement Plan.

Current Filing

The current filing seeks approval for the LRS rate for the Industrial Group for the **July 2024 through September 2024** time-period.

Table T-1 demonstrates the proposed LRS retail rates for the Industrial Group.

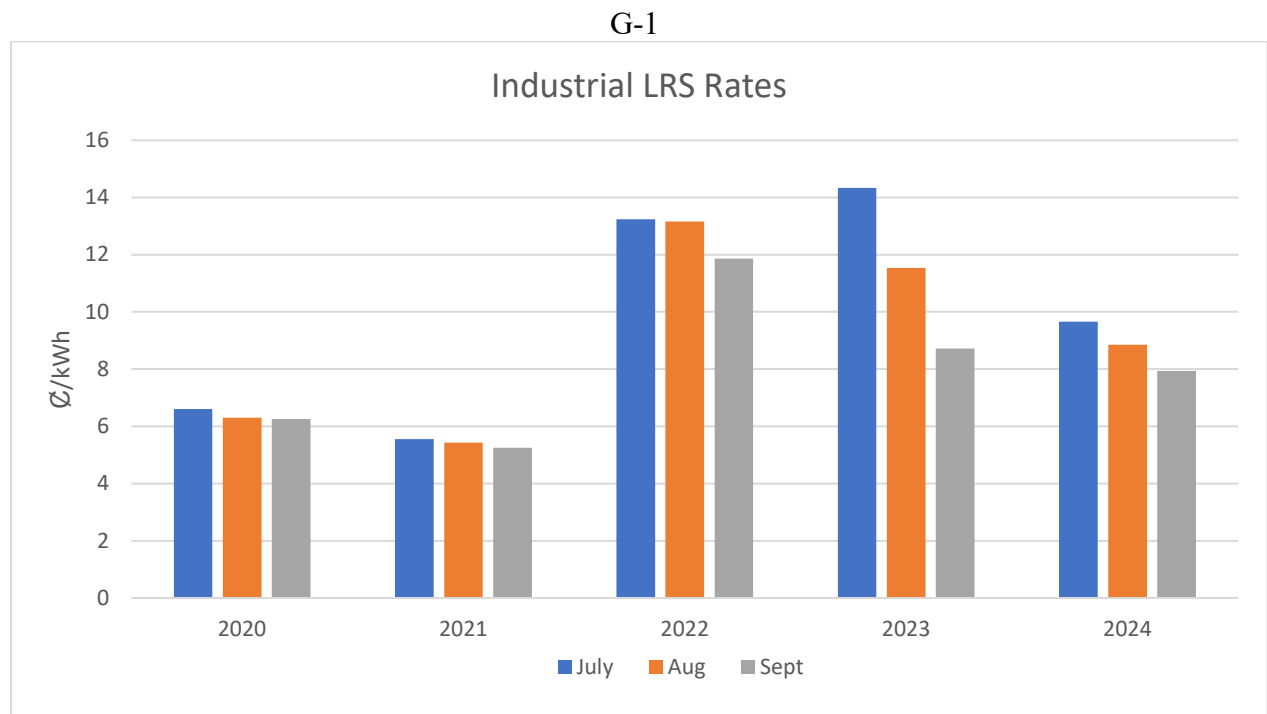
T-1

Line No.	Description	July 2024	Aug 2024	Sept 2024
1	Base Supply Rate per kWh	\$0.08122	\$0.07313	\$0.06395
2	Administrative Cost Factor	\$0.00337	\$0.00337	\$0.00337
3	Adjustment Factor	\$0.00000	\$0.00000	\$0.00000
4	Renewable Energy Standard Charge	\$0.01200	\$0.01200	\$0.01200
5	Total Retail Rate	\$0.09659	\$0.08850	\$0.07932

The factors shown in Lines 2-4 were previously approved by the PUC for effect on April 1, 2024¹. The base supply component shown in Line 1 includes cost of energy, estimated capacity costs, ancillary services and a line loss factor. The RFP issued on March 8, 2024, contained 2 load blocks for the Industrial Group with each block representing 50% load share. The Division reviewed the confidential information submitted in this docket and verified that the lowest bidder was selected for each load block for the proposed pricing period.

Last Resort Service Rate Trends

The following graph shows the LRS Industrial summer rates (July – Sept) for the most recent 5 years. As can be seen in the graph, the proposed rates are considerably lower than the rates that were in place during the previous two years, however they are still much higher than the pre-Ukraine War years of 2020 and 2021. This information is provided for comparison purposes and the Division notes that the majority of Industrial customers procure their energy supply in the competitive market, therefore the proposed LRS rates only impact a small portion of the industrial load - approximately 5%, based on the first four months of 2024 deliveries².



¹ RIPUC Dkt # 24-07-EL and Dkt # 24-08-EL Order # 24968.

² Derived from RIE’s April 2024 Electric Deliveries Report.

RECOMMENDATIONS

Based on the Division's review of Rhode Island Energy's filing in this docket, we found that the proposed LRS rates were correctly calculated and that the power supply procurements undertaken by the Company in this reporting period comply with the PUC approved procurement plan. The Division recommends approval of the proposed LRS rates for the Industrial Group for the period July 1, 2024, through September 30, 2024.